

Kilombero Sugar's Positive Economic Impact Reported at Tzs 360 billion

...91% increase in total contribution to Tanzania's economy in only 3 years...

28 March 2018: Kilombero Sugar Company today announced that during the past 2016/17 financial year, the company's total economic impact on the local economy amounted to Tzs 360 billion, comprising Tzs 98 billion in direct impacts and the balance resulting from the multiplier effects of its business operations within the supply chain and wider economy. This is a 91% increase in the company's total contribution to Tanzania's economy in a period of only four years and is revealed in a report undertaken by Corporate Citizenship, an independent, global management consultancy specialising in social impact assessment, sustainability and corporate responsibility.

Guy Williams, MD of Kilombero Sugar says, *"As a business, we endeavour at all times to deliver on our shared value mandate, while actively supporting the government's social and economic development agenda. We are committed to the transformation of our business in Tanzania, but recognise that to keep ourselves focused and on track, we need an independent benchmark against which to measure our real contribution. The last report was completed in 2012/13 and we have assessed our progress against this to ensure we identify gaps – or areas of improvement – as well as take the time to celebrate achievements."*

For example, spending on local suppliers increased commensurately to reach Tzs 164 billion, spend on employee training increased around 400% to Tzs 627 million and during the same period, the company continued to reinvest in the business spending Tzs 17.4 billion on capital investments.

Total direct tax paid by the company in 2016/17 amounted to Tzs 14.6 billion, while indirect taxes totalling Tzs 36.9 billion were collected on behalf of the government.

Some of the reported highlights from the period include:

Job creation

- Directly employs 2 087 people, but is estimated to support at least a further 4 440 jobs in Tanzania through outgrower communities and wider multiplier effects.
- Supports the livelihoods of 9 000 people once families and dependants are taken into account

Supporting Tanzania manufacturing/industrialisation agenda

- KSC invested in a successful downstream diversification strategy into ethanol production
 - 12 million litres per annum potable alcohol distillery, which supplies high quality product to local beverage manufacturers
 - 12.5 million litres of potable alcohol were produced in 2016/17

- The Company was awarded the internationally prestigious Monde Selection medal for its high-quality Tanzania made potable alcohol

Supporting farmer livelihoods

- Supply chain includes 8,000 cane grower farmers who in turn support 1 613 jobs
- Provide technical and capacity-building support to cane growers, as well as investment in roads and other infrastructure.

Environmental stewardship

- 95% of Tanzania's energy consumption is provided from renewable sources, primarily utilising the bi-product of sugarcane called bagasse, and 89% of all water used is cleaned and returned to source.

"We identified critical areas such as job creation, capacity building and skills transfer, supply/value chain development, land rights and environmental stewardship as key to our own success - and that of the local and national economy. We were very pleased to note that we have made solid progress in meeting our commitments and feel confident that our ongoing transformation strategy and shared value agenda will continue to deliver results," concludes Williams.

[Click here](#) for highlights infographic

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Notes to Editors

Methodology

Country reports were compiled through desk-based research and the analysis of financial and management information provided by each Illovo country team. This was followed by site visits to South Africa, Malawi and Zambia as well as interviews with senior management and key stakeholders. The stakeholders interviewed varied by country but included sugarcane farmers, small-holder association representatives, employees, trade union representatives, local suppliers, doctors, teachers and other beneficiaries of Illovo's social investment spend. A detailed methodological note is available as an appendix to the full report.

Additional country reports are also available for download:

- [Illovo Sugar Africa \(consolidated Group Report\)](#)
- [Malawi](#)
- [Mozambique](#)
- [South Africa](#)
- [Swaziland](#)
- [Zambia](#)

About Kilombero Sugar

Illovo Sugar Africa holds 55% of the issued share capital in Kilombero Sugar Company Limited, with 20% held by ED&F and 25% by the Government of Tanzania. Kilombero is situated in the Morogoro region in the centre/south of the country. It comprises two adjacent agricultural estates and sugar factories, Msolwa and Ruembe, situated on either side of the Great Ruaha River and linked by a low-level bridge. It produces direct consumption brown sugar under the 'Bwana Sukari' brand name, which is marketed and distributed by the company. Illovo Sugar Africa is the continent's largest sugar producer with extensive agricultural and manufacturing operations in six African countries.